

35th Annual Report 2013 - 14



**KAKATIYA CEMENT
SUGAR & INDUSTRIES LTD.**



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

BOARD OF DIRECTORS:

Shri P Venkateswarlu

Shri P Veeraiah

Shri J S R Prasad

Shri J S Rao

Shri C Madhusudana Rao

Shri V B R Suryam

Shri T R C Bose

Shri B V Subbaiah

Shri A Chengappa

Shri K Venkat Rao

Chairman & Managing Director

Joint Managing Director

Director

Director

Director

Director

Director

Director

Director

Director

SENIOR EXECUTIVES

Dr. P Radha

Shri R Ramakrishna

Shri M Bhavani Dattu

Shri B Peraiah

Shri D G K Raju

Shri Y Venkataramaiah

Chief Executive

Company Secretary

General Manager (Finance)

General Manager (Purchase)

Vice President (Cement Works)

General Manager (Sugar Works)

AUDITORS

M/s. M. Anandam & Co.,

Chartered Accountants,

SECUNDERABAD

COST AUDITORS

M/s. Narasimha Murthy & Co.,

Cost Accountants,

HYDERABAD

BANKERS

State Bank of India

Ashok Nagar Branch,

Hyderabad

Andhra Bank

Ashok Nagar Branch,

Hyderabad

REGISTERED OFFICE

1-10-140/1, "GURUKRUPA"

Ashok Nagar,

HYDERABAD-500 020

REGISTRARS

XL SOFTECH Systems Limited,

3, Sagar Society, Road No.2, Banjara Hills,

HYDERABAD-500 034

FACTORIES

CEMENT:

Srinivasa Nagar

Mellacheruvu Mandal

Nalgonda Dist. A.P.

SUGAR & POWER:

Peruvancha Village

Kallur Mandal

Khammam Dist. A.P.



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the **THIRTY FIFTH ANNUAL GENERAL MEETING of KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED** will be held on Monday, the 14th day of July, 2014 at 11.00 A.M at Sri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad - 500 020 to transact the following Business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March 2014, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint Ms.M.ANANDAM & COMPANY, Chartered Accountants, Regn.No.000125S as Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. T.R.C. Bose (holding DIN00160630), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 2019 from the date of this meeting."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. V.B.R.Suryam (holding DIN00409995), Director of the Company in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 2019 from the date of this meeting."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. C.Madhusudhana Rao (holding DIN000410173), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 2019 from the date of this meeting."



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. B.V.Subbaiah (holding DIN01147062), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 2019 from the date of this meeting."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. A.Chengappa (holding DIN03170722), Director of the Company in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 2019 from the date of this meeting."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. K.Venkat Rao (holding DIN06566627), Director of the Company in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 2019 from the date of this meeting."

By Order of the Board
for **KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED**

Place : Hyderabad
Date : 26th May 2014

R. Ramakrishna
Company Secretary



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll only instead of himself/herself. Such proxy need not be a member of the company.
2. The Register of Members and Share Transfer Books will remain closed from 07.07.2014 to 14.07.2014 (both days inclusive).
3. Members are requested to notify immediately any change in their addresses to the Company's Registered Office with their Folio Number(s) with their e-mail address.
4. The Dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members on 14th July 2014. The Dividend in respect of shares held in the electronic form will be paid to the beneficial owners of shares whose names appear in the list furnished by the Depositories for this purpose as on 14th July 2014. The Dividend will be paid on or before 13th August 2014.
5. The Securities and Exchange Board of India (SEBI) has made it mandatory for all Companies to use the Bank Account details furnished by the Depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the Bank details, if available, on the payment instrument for distribution of dividend.
6. As per provisions of Section 205A of the Companies Act, 1956 the Company has already transferred to the Investors Education and Protection Fund, the amount of all unclaimed dividends declared up to and including the financial year ended 31st March 2006. The amount of unclaimed dividends for the financial year ended 31st March 2007 will be transferred to the Investors Education and Protection Fund by October 15th 2014.
7. As per the provisions of Section 205A, the Company is required to transfer dividend, which remains unpaid or unclaimed for a period of 7 years, to the Investors Education and Protection Fund set up by the Central Government. Shareholders, who have not claimed their dividend for any year from the financial year ended March 31, 2008 onwards, are requested to lodge their claim with the Company.
8. (a) The Company's shares are listed with the The National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited, Mumbai(BSE).
(b) The Annual Listing Fee for the year 2014-2015 has been paid to these two Stock Exchanges.
9. All the shareholders are requested to intimate their e-mail address to the Company at kcsilcs@gmail.com or for sending by e-mail the Notice and Annual Report.
10. As per SEBI circular No.CIR/MRD/DP/10/2013 dated March 21, 2013, dividend payments to investors are made electronically through ECS. Shareholders are requested to update bank details with the depositories to ensure that dividend is credited promptly. Those shareholders who hold shares in physical form are requested to communicate their bank account number, Name of the Bank and address to: kcsilcs@gmail.com.
11. Electronic copy of the Notice of the 35th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 35th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode. They can also visit the company's website www.kakatiyacements.com where the notice is uploaded.
12. Members may also note that the Notice of the 35th Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's website www.kakatiyacements.com in for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Hyderabad for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: shares@kakatiyacements.com



13. *The e-voting period commences on 9th July, 2014 (11:00 AM) and ends on 11th July, 2014 (11:00 AM). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 7th July, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.*
14. *The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 7th July, 2014.*
15. Mr. G. Narender, Practicing Company Secretary (COP No. 5024) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

ANNEXURE TO NOTICE:

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 4

Mr. TRC Bose is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in 2001. Mr. TRC Bose is a member of the Stakeholders Relationship Committee, Nomination and Remuneration Committee and the Audit Committee of the Board of Directors of the Company.

Mr. TRC Bose, has rich technical and managerial experience. He was Director (Projects) of APTRANSCO. He is a Director of Athena Chattisgarh Power Ltd, IVRCL Infrastructure & Projects Ltd and Konaseema Gas Power Ltd.

He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. TRC Bose retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. TRC Bose being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years from the date of this meeting. A notice has been received from a member proposing Mr. TRC Bose as a candidate for the office of Director of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director. Accordingly, the Board recommends the resolution in relation to his appointment as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. TRC Bose, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM NO. 5

Mr. VBR Suryam is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in 1991.

Mr. VBR Suryam is a Cement Technologist. He was associated with many cement companies including ACC, Rasi, and has wide experience.

He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. VBR Suryam is proposed to be appointed as an Independent Director for five consecutive years from the date of this meeting. A notice has been received from a member proposing Mr. VBR Suryam as a candidate for the office of Director of the Company.



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The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director. Accordingly, the Board recommends the resolution in relation to his appointment as an Independent Director, for the approval by the shareholders of the Company.

Except Mr.VBR Suryam, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM NO. 6

Mr. C.Madhusudhana Rao is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in 1991. Mr. C.Madhusudhana Rao is Chairman of the Stakeholders Relationship Committee, Member of Nomination and Remuneration Committee and Chairman the Audit Committee of the Board of Directors of the Company.

Mr.C.Madhusudhana Rao is a Chartered Accountant by profession and has vast experience in Finance, Accounting and audit functions.He holds 400 shares in the Company.

Mr. C.Madhusudhana Rao retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr.C.Madhusudhana Rao being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years from the date of this meeting. A notice has been received from a member proposing Mr.C.Madhusudhana Rao as a candidate for the office of Director of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director. Accordingly, the Board recommends the resolution in relation to his appointment as an Independent Director, for the approval by the shareholders of the Company.

Except Mr.C.Madhusudhana Rao being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM NO.7

Mr. B.V.Subbaiah is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in 2009. Mr. B.V.Subbaiah is a member of the Stakeholders Relationship Committee, Nomination and Remuneration Committee and the Audit Committee of the Board of Directors of the Company.

Mr.B.V.Subbaiah is a leading lawyer practicing before the High Court of Andhra Pradesh.

He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. B.V.Subbaiah retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr.B.V.Subbaiah being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years from the date of this meeting. A notice has been received from a member proposing Mr.B.V.Subbaiah as a candidate for the office of Director of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director. Accordingly, the Board recommends the resolution in relation to his appointment as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. B.V.Subbiah, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.



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ITEM NO. 8

Mr. A.Chengappa is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in 2010.

Mr.A.Chengappa is a retired IAS officer. He was Secretary to Government in General Administration, Revenue, Panchayat Raj departments and was also Additional Director General of MCRHRD Institute of A.P.

He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. A.Chengappa is proposed to be appointed as an Independent Director for five consecutive years from the date of this meeting. A notice has been received from a member proposing Mr.A.Chengappa as a candidate for the office of Director of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director. Accordingly, the Board recommends the resolution in relation to his appointment as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. A.Chengappa, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 8. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM NO. 9

Mr. K.Venkat Rao is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in 2013. Mr. K.Venkat Rao is a member of the Corporate Social Responsibility Committee of the Board of Directors of the Company.

Mr.K.Venkat Rao is an Engineer in Electronics and Electrical and has over 24 years experience in HMT in various Technical functions.

He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. K.Venkat Rao is proposed to be appointed as an Independent Director for five consecutive years from the date of this meeting. A notice has been received from a member proposing Mr.K.Venkat Rao as a candidate for the office of Director of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director. Accordingly, the Board recommends the resolution in relation to his appointment as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. K.Venkat Rao, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 9. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Note:

In the opinion of the Board, all the proposed six directors fulfill the conditions specified in the Companies Act, 2013 and Rules made thereunder for appointment as Independent Director.

Copy of the draft letter of appointment as Independent Director in respect of the above mentioned Independent Directors setting out the terms and conditions would be available for inspection without any fee by the members as the Registered Office of the Company from 10 AM to 5 PM on working days.

By Order of the Board
for **KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED**

Place : Hyderabad
Date : 26th May 2014

R. Ramakrishna
Company Secretary



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the 35th Annual Report together with the Audited Accounts for the year ended 31st March 2014.

FINANCIAL RESULTS

The Financial Results for the year ended 31st March, 2014 are summarised below:

	(₹ in Lakhs)	
Particulars	2013-14	2012-13
Income (Sale and other Income)	20324.37	18729.13
Profit before Depreciation, Interest & Taxes	1678.01	3124.45
Depreciation	713.77	730.07
Interest	46.04	6.21
Provision for Taxation	178.68	937.74
Provision for Deferred Taxation	(144.54)	(160.61)
Profit after Taxation	884.06	1611.04
Profit brought forward from Previous year	11518.79	10363.32
APPROPRIATIONS		
Transfer to General Reserve	88.40	210.00
Proposed Dividend	209.89	209.89
Corporate Tax on Dividend	35.67	35.68
Balance carried over to Balance Sheet	12068.89	11518.79

Segment-wise performance has been furnished under Notes on Accounts.

DIVIDEND

Your Directors are pleased to recommend for your consideration a Dividend of ₹ 2.70 per equity share for the year ended 31.03.2014, as against ₹ 2.70 per equity share in the previous year aggregating an amount of ₹ 245.56 lakhs including Dividend Distribution Tax.

PERFORMANCE OF THE YEAR UNDER REVIEW

Cement Division:

During the year under review, the Cement Division has produced 2,51,535 MT of cement as against 2,69,966 MT of cement for the previous year. The profit for the Division was ₹ 475.93 lakhs as against ₹ 1190.51 lakhs for the previous year.

Sugar Division:

The Sugar Division crushed 2,20,815 MT of sugarcane for the current season as against 2,73,281 MT for the previous season. The recovery rate was 10.20% compared to 10.08% for the previous season. The Loss for the Division was ₹ 1038.87 lakhs as against profit of ₹ 746.97 lakhs for the previous year.

Power Division:

During the year under review, the Power Division has generated 7,47,99,524 KWH against 6,78,57,924 KWH of power for the previous year. The Loss for the Division was ₹ 1446.99 lakhs as against loss of ₹ 326.44 lakhs for the previous year.

CURRENT YEAR OUTLOOK:

Cement Division:

The outlook for cement industry is challenging in terms of decreasing margins due to rising input costs, competitive selling prices. However, with the bifurcation of A.P. in to two states, and development of new capital, there is likely to be spurt in the demand for cement and other infrastructure related products. As such the coming years performance is estimated to be good.

Sugar Division:

Depending on a good monsoon the Sugarcane crop in the factory zone is likely to remain stable as last year. We estimate to crush over 250,000 lakh MT during the crushing season 2014-15

Power Division:

The matters relating to down ward revision of tariff by the APERC on the Power sales to APTRANSCO, and PLF ceiling, contested in the Courts by the Company are pending. Much depends on the power policy of the new government.



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

INSURANCE:

All the properties of the Company including its buildings, Plant and Machinery and Stocks wherever required have been adequately insured.

PARTICULARS OF EMPLOYEES:

The information required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, as amended, forms part of this Report. However, the report and accounts are being sent to all the shareholders of the company excluding the above information. Those shareholders, who desire to obtain these particulars, would be provided the same upon receiving such request.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors of the Company hereby declares and states that -

1. In the preparation of annual accounts, the applicable accounting standards have been followed and there were no material departures therefrom.
2. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the status of the Company as on 31st March, 2014 and Profit & Loss Account of the Company for the year ended as on 31st March, 2014.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
4. The accounts were prepared on a going concern basis.

ENVIRONMENTAL PROTECTION:

The Company consciously makes efforts to preserve the environment and control the pollution from time to time.

Planting of saplings and seedlings in and around the factories and colonies is being done on a continuous basis, so as to develop green belt around the plant to improve the environment.

AUDITORS:

M/s. M. ANANDAM & CO., Chartered Accountants, Secunderabad, the Auditors of the Company retire at the conclusion of this Annual General Meeting and they are eligible for re-appointment.

COST AUDIT:

For the year ended 31st March 2014, with the approval of Central Government, M/s. Narasimha Murthy & Co., Cost Accountants, Hyderabad have been appointed to conduct the Cost Audit. In respect of financial year 2012-2013 Cost Audit Report was filed on 23.09.2013. In respect of 2013-2014 it will be filed before the due date i.e. 30th September 2014.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

a. Industry Structure And Developments:

With the bifurcation of Andhra Pradesh in to two new states, and with a new capital for Andhra coming up, the coming years are likely to see an upswing in the infrastructure development. Further, with a new government at the centre, promising development, there is a positive expectation from the industry. Therefore, with efficient Management and sustained demand the outlook for next year is likely to be encouraging.

Sugar being an agro-based industry needs good rainfall and irrigation facilities. However with the expectation of a reasonably good monsoon, we are optimistic about the availability of sugar cane and we are hopeful of sustaining last year's performance in terms of crushing quantity. As far as Power operations are concerned, with sustained performance in sugar cane crushing and adequate availability of bagasse, we look forward to sustained generation of power. However much depends upon the outcome of APERC's decision on revision of tariff and also the new government's policy on power.

b. Opportunities and threats:

The scenario for infrastructure looks encouraging with the formation of new capital in process. However, until the government funding actually starts on infrastructure and